

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth St., Suite 4T20  
Atlanta, Georgia 30303-8909



---

February 28, 2011

Mr. Neville Wise, Acting Commissioner  
Cabinet for Health and Family Services  
Department for Medicaid Services  
275 E. Main Street, 6W-A  
Frankfort, KY 40621

Re: Kentucky Title XIX State Plan Amendment, Transmittal #10-012

Dear Mr. Wise:

We have reviewed Kentucky State Plan Amendment (SPA) 10-012, which was submitted to the Atlanta Regional Office on December 2, 2010. This amendment confirms that Kentucky has a contract for RACs to audit Medicaid providers and review Medicaid claims submitted by provider of services.

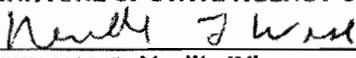

Based on the information provided, the Medicaid State Plan Amendment KY 10-012 was approved on February 25, 2011. The effective date of this SPA is October 1, 2010. The signed HCFA-179 and the approved plan pages are enclosed.

If you have any questions regarding this amendment, please contact Laura Killebrew at (404) 562-0151.

Sincerely,

Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosures

|   |  |   |                      |
|---|--|---|----------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL</b>  |  | 1. TRANSMITTAL NUMBER:<br>10-012  | 2. STATE<br>Kentucky |
| FOR: HEALTH CARE FINANCING ADMINISTRATION   |  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE<br>SOCIAL SECURITY ACT (MEDICAID)   |                      |
| TO: REGIONAL ADMINISTRATOR<br>HEALTH CARE FINANCING ADMINISTRATION<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES   |  | 4. PROPOSED EFFECTIVE DATE<br>10/1/2010   |                      |
| 5. TYPE OF PLAN MATERIAL (Check One):<br><br><input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT<br>COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)   |  |   |                      |
| 6. FEDERAL STATUTE/REGULATION CITATION:<br>Section 1902(a)(42)(B)(i)  |  | 7. FEDERAL BUDGET IMPACT:<br>a. FFY 2011 - Budget Neutral<br>b. FFY 2012 - Budget Neutral                                   |                      |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br>Page 36a<br>Page 36b   |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION<br>OR ATTACHMENT (If Applicable):<br><br>New<br>New                           |                      |
| 10. SUBJECT OF AMENDMENT<br>This State Plan Amendment confirms Kentucky has a contract for RACs to audit Medicaid providers and review Medicaid claims submitted by providers of services   |  |   |                      |
| 11. GOVERNOR'S REVIEW (Check One):<br><input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review delegated<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      to Commissioner, Department for Medicaid<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      Services |  |   |                      |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:<br>  |  | 16. RETURN TO:<br>Department for Medicaid Services<br>275 East Main Street 6W-A<br>Frankfort, Kentucky 40621                |                      |
| 13. TYPED NAME: Neville Wise  |  |   |                      |
| 14. TITLE: Acting Commissioner, Department for Medicaid Services  |  |   |                      |
| 15. DATE SUBMITTED: December 2, 2010  |  |   |                      |
| <b>FOR REGIONAL OFFICE USE ONLY</b>   |  |   |                      |
| 17. DATE RECEIVED:  |  | 18. DATE APPROVED:<br>02/25/11  |                      |
| <b>PLAN APPROVED - ONE COPY ATTACHED</b>  |  |   |                      |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br>10/01/10  |  | 20. SIGNATURE OF REGIONAL OFFICIAL:<br> |                      |
| 21. TYPED NAME: Jackie Glaze  |  | 22. TITLE: Associate Regional Administrator<br>Division of Medicaid & Children's Health Opns                                |                      |
| 23. REMARKS:  |  |   |                      |

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

4.5.1 Medicaid Recovery Audit Contractor Program

Citation

  X   The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State Plan and under any waiver of the State Plan.

Section 1902(a)(42)(B)(i)  
Of the Social Security Act

       The State is seeking an exception to establishing such program for the following reasons:

Section 1902(a)(42)(B)(ii)(I) of the Act

  X   The State/Medicaid Agency has contract of the types(s) listed in Section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.

Place a check mark to provide assurance of the following:

  X   The State will make payments to the RAC(S) only from amounts recovered.

  X   The State will make payments to the RAC(s) on a contingent basis for collecting overpayments.

Section 1902(a)(42)(B)(ii)(II)(aa) of the Act

The following payment methodology shall be used to determine State payments to Medicaid RACs for identification and recovery of overpayments (e.g., the percentage of the contingency fee):

  X   The State attests that the contingency fee rate paid to the Medicaid RAC will not exceed the highest rate paid to Medicare RACs, as published in the Federal Register.

       The State attests that the contingency fee rate paid to the Medicaid RAC will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will only submit for FFP up to the amount equivalent to that published rate.

SECTION 4 – GENERAL PROGRAM ADMINISTRATION

---

|  |               |  |
|--|---------------|--|
|  | <u>      </u> | The contingency fee rate paid to the Medicaid RAC that will exceed the highest rate paid to Medicare RACs, as published in the Federal Register. The State will submit a justification for that rate and will submit for FFP for the full amount of the contingency fee.     |
| Section 1902 (a)(42)(B)(ii)(II)bb) of the Act  | <u>  X  </u>  | The following payment methodology shall be used to determine State payments to Medicaid RACs for the identification of underpayments (e.g., amount of flat fee, the percentage of the contingency fee):  |
| Section 1902 (a)(42)(B)(ii)(III) of the Act    | <u>  X  </u>  | The State has an adequate appeal process in place for entities to appeal any adverse determination made by the Medicaid RAC(s).  |
| Section 1902 (a)(42)(B)(ii)(IV)(aa) of the Act | <u>  X  </u>  | The State assures that the amounts expended by the State to carry out the program will be amounts expended as necessary for the proper and efficient administration of the State Plan or a waiver of the Plan.   |
| Section 1902 (a)(42)(B)(ii)(IV)(bb) of the Act | <u>  X  </u>  | The State assures that the recovered amounts will be subject to a State's quarterly expenditure estimates and funding of the State's share.  |
| Section 1902 (a)(42)(B)(ii)(IV)(cc) of the Act | <u>  X  </u>  | Efforts of the Medicaid RAC(s) will be coordinated with other contractors or entities performing audits of entities receiving payments under the State Plan or waiver in the State, and/or State and Federal law enforcement entities and the CMS Medicaid Integrity Program |